

Quarterly Project Reports

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State: Kentucky

Project Title: Kentucky State Planning and Establishment Grant for the Affordable Care Act's Exchange

Project Quarter Reporting Period: Quarter 1 (09/30/2010-12/31/2010)

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Project Summary

The following provides a summary by core area of the Kentucky Exchange Planning Grant for the first reporting period.

Background Research- During the reporting period, Kentucky has been in discussions with the University of Kentucky, and Department of Health Services Management to conduct background research. The University of Kentucky is proposing a team of two (2) principle investigators and five (5) investigators who will research and analyze the insured and un-insured in Kentucky as well as conduct economic modeling for new policy options under ACA. The contract will be finalized with the University by next quarter.

Stakeholder Involvement- In August and September, Kentucky met with insurers, agents, providers, employers and advocates to identify the key issues involved in establishing an exchange. All meetings addressed the issues of governance, operations, number and type of exchanges and issues related to participation within an exchange. Meeting participants included representatives from Anthem, Humana,

Aetna, United, America's Health Insurance Plan (AHIP), Bluegrass Family Health, CMD Health, Kentucky Association of Health Plans, Kentucky Association of Health Underwriters, National Association of Mutual Insurance Companies, Kentucky Farm Bureau, Lloyd's of London, Independent Insurance Agent's of Kentucky, University Health Care, Kentucky Medical Association, Kentucky Hospital Association, Hospice of the Bluegrass, Kentucky Association of Hospices & Palliative Care, Norton Health Care, Kentucky Coalition of Nurse Practitioners/Nurse Midwives, Kentucky Voices for Health, Kentucky Physical Therapy Association, Health Insurance Advisory Council, Kentucky Psychological Association, Kentucky Primary Care Association, Saint Joseph Health Systems, Trover Health Systems, Bluegrass Regional Healthcare, Kentucky Optometric Association, Kentucky Chamber of Commerce, the Kentucky Retail Federation, Kentucky Home Builders Association of Kentucky, Kentucky Association of Manufacturers and the Administrative Services Group. AHIP, Bluegrass Regional Healthcare, Inc., Norton Healthcare, Kentucky Psychological Association and a family nurse practitioner in rural Adair County have all provided written comments for consideration.

Program Integration- IT Staff worked with the Department for Medicaid Services and Department for Community Based Services in developing existing Medicaid system capabilities and discussed modification to comply with ACA. Initiated development of a web portal.

Resources and Capabilities-Kentucky is exploring the enhanced 90/10 funding opportunity that will be available to states to develop a new stand alone Medicaid eligibility system. Kentucky's current Medicaid system is integrated with the SNAP and TANF programs. In addition to future funding opportunities, two (2) additional staff positions have been created for the planning process for an Exchange.

Governance-Kentucky is reviewing governance options for an Exchange. Additionally, designated team members will be researching regional options and will be contacting other states to determine how a regional Exchange would be operationalized.

Finance-No progress has been made during this reporting period. Cabinet budget staff will be working with the Office of Health Policy to develop an Exchange budget. Kentucky would like time to review the background research data before building a budget model for 2011 to 2015.

Technical Infrastructure- During the reporting period, Kentucky initiated an IT gap analysis to critically evaluate the state of readiness to implement Exchange IT functionalities. The analysis includes an assessment of the "as is" environment of the Kentucky Automated Management and Eligibility System (KAMES), an integrated system that supports eligibility and enrollment processes for the Medicaid and CHIP programs, as well as the SNAP and Income Maintenance Programs. The analysis and written summary will be completed in the second quarter. It will identify the desired "to be" environment, including the technical architecture, systems standards, and integration framework required to conform to the framework and approach specified in the OCIO and CMS November 2010 joint guidance for Exchange and Medicaid information Technology Systems.

Business Operations-No progress was made during this reporting period. The Office of Health Policy will begin planning for the administrative and operational functions of an Exchange.

Regulatory or Policy Actions-Kentucky has been reviewing and will continue to review, enabling legislation and proposed legislation from other states.

Barriers, Lessons Learned, and Recommendations to the Program

Although funds were awarded on September 30, 2010, the State's requirements for hiring contractors and staff has taken considerable time due to required paperwork, and a cumbersome review and approval process. All new staff members have been approved and are in process but the University of Kentucky contract is awaiting final review and approval.

Technical Assistance

Additional assistance is needed to educate States on the ACA premium tax credit and cost sharing requirements. Kentucky has an existing consulting contract with Covington & Burling to assist with these requirements. It would be beneficial to states if OCIIO could offer assistance in this area through conference calls, webinars or meetings.

Draft Exchange Budget: Kentucky is currently in the process of developing an Exchange budget for FFY 2011 through FFY 2014.

Work Plan: See attached document.

Background Research

Milestone 1

- Define requirements for data collection and background research.
- Timing: Completed December 28, 2010.
- Description: Background research will include research and analysis on the insured market and un-insured; compilation of a data set; economic and actuarial modeling to evaluate new policy options and publish written report of findings.

Milestone 2

- Select Contractor for background research.
- Timing: Estimated completion date of February 15, 2011.
- Description: Finalize contract with University of Kentucky and begin work.

Stakeholder Involvement

Milestone 1

- Exchange round table meetings.
- Timing: August 2010 and September 2010.

- Description: Informal meetings held with insurers, agents, providers, employers and advocacy groups regarding: governance; organization; number and type of Exchanges; and participation within an Exchange.

Milestone 2

- Exchange stakeholder input.
- Timing: Estimated completion date of April 30, 2011.
- Description: Engage and solicit additional stakeholder input from insurers, agents, providers, employers and advocacy groups.

Program Integration

Milestone 1

- Exchange IT coordination.
- Timing: November 2010 through December 2010.
- Description: IT staff worked with the Department for Medicaid Services (DMS) and the Department for Community Based Services (DCBS) to document existing Medicaid eligibility system capabilities and discussed modifications to comply with ACA. DMS contracts with DCBS to determine Medicaid eligibility in Kentucky's 120 counties. This collaboration with IT staff DMS and DCBS will be ongoing.

Milestone 2

- Exchange web portal.
- Timing: November 2010 through December 2010.
- Description: Kentucky is planning for a web portal and has conducted reviews of other states with existing web portals and is determining data needs for a Kentucky specific web portal.

Resources and Capabilities

Milestone 1

- Exchange staff hiring.
- Timing: Estimated start date of February 16, 2011.
- Description: Candidates have been selected and are awaiting final approval from the Kentucky Personnel Cabinet.

Milestone 2

- Medicaid funding opportunity.
- Timing: January 2011.

- Description: Review and consider pursuing enhanced 90/10 funding to develop a new stand alone Medicaid eligibility system. Research necessary Cabinet administrative and budgetary procedures to obtain funds for the state match.

Governance

Milestone 1

- Exchange governance structure.
- Timing: December 2010.
- Description: Conducted research on;
 - a. Existing governance Exchange structures from other states and;
 - b. Proposed governance Exchange structures from states seeking to pass enabling legislation.

Milestone 2

- Regional Exchange.
- Timing: February 2011.
- Description: Consider option for a Regional Exchange. Perform analysis to determine commonalities in demographics, insurers and consumer protections between Kentucky and bordering states.

Finance

Milestone 1

- Exchange budget
- Timing: Estimated completion date February 28, 2011.
- Description: Develop a preliminary Exchange budget for FFY2011 thru FFY2014.

Milestone 2

- Exchange Finance
- Timing: March 1, 2011.
- Description: Identify accounting and financial resources to operate an Exchange.

Technical Infrastructure

Milestone 1

- Exchange IT gap analysis
- Timing: October through December 2010.
- Description: Initiated analysis and gap assessment of the Kentucky Automated Management and Eligibility System (KAMES), SNAP and Income Maintenance Programs integration readiness for exchange functionalities.

Milestone2

- Exchange IT gap analysis report.
- Timing: Estimated completion date of March 15, 2011.
- Description: Complete IT gap analysis and draft written report identifying IT modifications, technical architecture, systems standards, and integration framework required to conform to CMS and OCIO guidance of 2010 concerning, "Exchange and Medicaid Information Technology Systems".

Business OperationsMilestone 1

- Exchange operational functions.
- Timing: April 2011.
- Description: Identify the operational functions of an Exchange.

Milestone 2

- Exchange administrative functions.
- Timing: April 2011.
- Description: Begin plans for identifying the administrative functions.

Regulatory or Policy ActionsMilestone 1

- Enabling legislation from other states.
- Timing: February 2011.
- Description: Review and analyze enabling legislation (proposed and enacted) from other states.

Milestone 2

- Statutory and Administrative Actions.
- Timing: February 2011.
- Description: Identify key provisions for enabling legislation and/or other administrative methods to establish an Exchange.

Collaborations/Partnerships

Name of Partner: Kentucky Department of Insurance

Organization Type of Partner: Kentucky Department of Insurance (KDOI) is a division of the Public Protection and Regulation Cabinet with state regulatory authority for the insurance industry.

Role of Partnership in Establishing Insurance Exchange: Collaboration on background research and stakeholder input in addition to identifying key issues in the areas of: defining policy goals; reviewing

governance; operation of one Exchange or two separate Exchanges for individual and small employer groups; development of a Basic Health Benefits Plan.

Accomplishments of Partnerships: Identification of key issues and processes, weekly meetings are held with KDOI to discuss Exchange planning and progress.

Barriers/Challenges of Partnership: Even though both departments are part of state government, the two separate Cabinets have unique procurement and contract guidelines with extensive oversight and review.

Name of Partner: University of Kentucky (UK)

Organization Type of Partner: State University

Role of Partner in Establishing Insurance Exchange: UK will conduct background research on the insured market and un-insured, and complete economic modeling on policy options.

Accomplishments of Partnership: Accomplishments have not been achieved as of this date since work has not begun.

Barriers/Challenges of Partnership: The cabinet's procurement and contract requirements provide for extensive oversight and review which has delayed the contract for background research.

Workplan

Work plan by Key Objectives and Milestones to Implement ACA in Kentucky
2011
Key Objectives
Begin planning process and identify issues associated with an exchange
Solicit stakeholder input on governance, business operations, organization and functions
Collect background research on current Kentucky insurance market and un-insured
Review summary of benefits and coverage explanations from HHS
Assess operational relationship and interface between Medicaid and Exchange
Determine impact of an Exchange on the current insurance market
Determine operational Structure of Exchange
Assess operating one Exchange for individual and small group markets or separate Exchanges both
Assess eligibility determination issues under the ACA for exchange, KCHIP, Medicaid and other existing state programs
Milestones
Background Research: Procurement of background research contract. January – June 30, 2011 Description: The University of Kentucky College of Public Health, Department of Health Services Management will conduct background research on the insured market and un-insured, and complete economic modeling for policy options.
Stakeholder Input: January, February, March & April 2011 Description: Solicit additional stakeholder input on exchange issues such as: governance, operations, systems interface, and transitioning of existing programs.
Program Integration: Exchange IT Systems November 2010 – February 2011 Description: Agency Collaboration (DMS and DCBS) with IT in documenting Medicaid eligibility system capabilities and determination of future modifications for ACA. Planning for web portal.
Resources & Capabilities: 2/1/11 to 9/30/2011 Description: Provide staff support to existing staff with hiring two (2) additional positions. A candidate has been recommended for both positions and we are awaiting final approval from our Personnel Cabinet with a proposed start date of February 16, 2011.
Governance 4/1/2011 to 9/30/2011 Description: Review options to organize a state-based exchange, join a multi-state or regional exchange, or cede functions to Federal exchange.
Finance 3/1/2011 to 9/30/2011 Description: Kentucky will begin to identify the necessary accounting and financial resources to operate an exchange.
Technical Infrastructure: 10/1/2011 to 9/30/2011 Description: Initiate IT gap analysis to critically evaluate the state of readiness to implement Exchange IT functionalities. The analysis includes an assessment of the “as is” environment of the Kentucky Automated Management and Eligibility System (KAMES), an integrated system that supports eligibility

and enrollment processes for the Medicaid and CHIP programs as well as the SNAP and Income Maintenance Programs. The analysis and written summary will be completed by March 15, 2010.

Technical Infrastructure Continued:

10/1/2011 to 9/30/2011

It will identify the desired “to be” environment, including the technical architecture, systems standards, and integration framework required to conform to the framework and approach specified in the OCIO and CMS November 2010 joint guidance for exchange and Medicaid information technology systems.

Business Operations

3/1/2011 to 9/30/2011

Description: Kentucky will begin reviewing necessary administrative, operation, and financial functions to operate an exchange.

Regulatory or Policy Actions

9/30/2010 to 9/30/2011

Description: Kentucky is currently reviewing options regarding enabling legislation or other administrative methods to establish an Exchange, and is researching proposed legislation in other states.

2012

Key Objectives

Continue implementation efforts through Implementation Planning grant

Develop sustainability model for an Exchange

Continue assessing the insurance market

Continue to assess the IT systems for the creation of seamless system

Continue efforts to determine how Medicaid and the Exchange will coordinate on eligibility, complying with the “no wrong door” approach

Develop system for a call center or hot line

Define role of agents

Research funding options for navigator program

Develop Risk Adjustment process

Develop financial systems

Continued consideration for implementation activities provided by CCIIO/CMS

Milestones

Complete IT systems analysis and report for the State Planning and Implementation grant which will identify necessary systems changes and determine the need of a vendor or development of a new system in-house.

2013

Key Objectives

Conduct ongoing financial analysis of impact of current state program expansion

Monitor market trends to assure that proposed model will meet potential needs

Develop prototype

Continued consideration for implementation activities provided by OCIO/CMS

Monitor business operation to ensure fully sustainable by 2015

Obtain funding for navigator program

Assess adequacy of accounting and financial reporting system

2013
Key Objectives
Determine adequacy of data security and back-up systems
Develop detailed testing plan
Outreach and marketing plan for exchange
Secure electronic interface between all state programs
Ensure enrollment systems meet federal specifications
Milestones
In late 2013 begin extensive testing of prototype
Web portal fully functional
Call center fully functional
2014
Key Objectives
Fully operational and self sustaining Health Benefit Exchange
Milestones
Seamless system that determines Medicaid eligibility and Exchange functions